

**UNIFIED SCHOOL DISTRICT NO. 473**

**Chapman, Kansas**

**Financial Statements**

**For the Year Ended June 30, 2014**

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UNIFIED SCHOOL DISTRICT NO. 473  
Financial Statements  
For the Year Ended June 30, 2014

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Financial Statements  
For the Year Ended June 30, 2014

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MIZE & HOUSER  
COMPANY P.A.

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Unified School District No. 473  
Chapman, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 473, Chapman, Kansas (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statement

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 1 of the financial statement, the financial statement is prepared by the District to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2014, or changes in financial position and cash flows thereof for the year then ended.

#### *Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

#### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory cash receipts and expenditures-actual and budget, summary of regulatory receipts and disbursements-agency funds, and the schedule of regulatory receipts, expenditures and unencumbered cash-district activity funds (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statements. However are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with "Government Auditing Standards", we have also issued our report dated September 17, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the District's internal control over financial reporting and compliance.

#### *Other Matter*

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas regulatory basis of accounting. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2013, from which such partial information was derived.

*Mig Houser & Company PA*

Certified Public Accountants

Lawrence, KS  
September 17, 2014

UNIFIED SCHOOL DISTRICT NO. 473  
Summary Statement of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2014

<u>Funds</u>	Beginning Unencumbered Cash <u>Balance</u>	Prior Year Cancelled Encumbrances	Cash Receipts	<u>Expenditures</u>	Ending Unencumbered Cash <u>Balance</u>	Outstanding Encumbrances and Accounts Payable	Ending Cash <u>Balance</u>
Governmental Fund Types:							
General Funds:							
General	\$ -	\$ -	\$ 7,299,828	\$ 7,299,828	\$ -	\$ 135,747	\$ 135,747
Supplemental General	227,429	-	2,451,184	2,470,853	207,760	196,450	404,210
Special Purpose Funds:							
At Risk (K-12)	156,943	-	376,000	431,839	101,104	-	101,104
Bilingual Education	29,786	-	-	1,808	27,978	-	27,978
Capital Outlay	4,776,767	-	393,078	1,416,798	3,753,047	729,363	4,482,410
Driver Training	57,709	-	14,560	12,290	59,979	5,386	65,365
Food Service	127,269	-	569,592	665,874	30,987	-	30,987
Professional Development	19,172	-	2,000	17,389	3,783	-	3,783
Parent Education	74	-	43,308	43,307	75	4,344	4,419
Special Education	549,756	-	1,048,158	1,348,340	249,574	-	249,574
Vocational Education	215,076	-	284,289	397,771	101,594	-	101,594
KPERS Special Retirement							
Contribution	-	-	665,810	665,810	-	-	-
Gifts and Grants	3,326	-	8,523	8,058	3,791	-	3,791
Federal Funds	-	-	163,928	163,928	-	-	-
Student Materials Revolving	39,671	-	106,413	65,552	80,532	5,947	86,479
Contingency Reserve	800,159	-	-	30,000	770,159	-	770,159
District Activity	5,407	-	53,478	53,760	5,125	-	5,125
Bond and Interest Fund:							
Bond and Interest	814,199	-	654,409	568,755	899,853	-	899,853
Capital Projects Fund:							
Capital Improvement	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 7,822,743</b>	<b>\$ -</b>	<b>\$ 14,134,558</b>	<b>\$ 15,661,960</b>	<b>\$ 6,295,341</b>	<b>\$ 1,077,237</b>	<b>\$ 7,372,578</b>

Composition of Cash:

Astra Bank		
Checking Account	\$ 3,946,878	
Savings Accounts	100,369	
Certificate of Deposit	10,000	4,057,247
First National Bank		
Savings Accounts	\$ 1,289,406	
Certificate of Deposit	2,000,000	3,289,406
Dickinson County Bank		
Checking	2,244	
Money Market	\$ 100,153	102,397
Cash Balance		7,449,050
Less: Agency Funds per Schedule 3		[76,472]
Total Reporting Entity (Excluding Agency Funds)		<u>\$ 7,372,578</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 473  
Notes to the Financial Statements  
For the Year Ended June 30, 2014

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 473 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District has no related municipal entities.

Reimbursed Expenses

Expenditures in the amount of \$37,181 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, and marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c) waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis for accounting.



UNIFIED SCHOOL DISTRICT NO. 473  
Notes to the Financial Statements  
For the Year Ended June 30, 2014

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2014:

Governmental Funds

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific revenues sources (other than Capital Projects and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Projects Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection amounts, etc.).

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in the local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

UNIFIED SCHOOL DISTRICT NO. 473  
Notes to the Financial Statements  
For the Year Ended June 30, 2014

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after the publication the hearing may be held and the governing body may amend the budget at that time. The budget for the year ended June 30, 2014 was amended for the KPERS Special Retirement Contribution Fund.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized which cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds and the following special purpose funds: Student Materials Revolving, Contingency Reserve, and District Activity.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Ad Valorem Tax Revenues

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of November 1 and become a lien on the property as of that date. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the District, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

NOTE 2 - Deposits

*Deposits.* K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

The District received \$510,135 in General State Aid and \$45,795 in Supplemental General State Aid subsequent to June 30, 2014 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2014.

UNIFIED SCHOOL DISTRICT NO. 473  
Notes to the Financial Statements  
For the Year Ended June 30, 2014

NOTE 2 - Deposits (Continued)

*Investments.* K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. As of June 30, 2014, the District held no investments.

*Concentration of credit risk.* State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has no designated "peak periods".

At June 30, 2014, the District's carrying amount of deposits were \$7,449,050 and the bank balance was \$7,538,362. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$602,405 was covered by federal depository insurance and the remainder of \$6,935,957 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

NOTE 3 - Long-Term Debt

Following is a detailed listing of the District's long-term debt outstanding at June 30, 2014:

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
General Obligation Bonds:					
Series 2009-A	05/15/09	3.00 - 5.00%	09/01/29	\$ 2,000,000	\$ 1,865,000
Series 2009-B	06/16/09	3.00 - 4.50%	09/01/29	6,235,000	<u>5,930,000</u>
Total General Obligation Bonds					<u>\$ 7,795,000</u>

The District is subject to statutes of the State of Kansas which limit the bonded debt outstanding to 14% of the assessed valuation. The District requested and received approval under applicable Kansas law which allows the issuance of bonded debt in excess of the general bonded debt limitation. The ratio of outstanding bonded debt to the assessed valuation as of June 30, 2014 was 11.06%.

Following is a summary of changes in long-term debt for the year ended June 30, 2014:

<u>Debt Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>	<u>Interest Paid Year Ended 6/30/2014</u>
General Obligation Bonds:					
Series 2009-A	\$ 1,920,000	\$ -	\$ 55,000	\$ 1,865,000	\$ 83,069
Series 2009-B	<u>6,100,000</u>	<u>-</u>	<u>170,000</u>	<u>5,930,000</u>	<u>260,686</u>
Total General Obligation Bonds	<u>\$ 8,020,000</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 7,795,000</u>	<u>\$ 343,755</u>

UNIFIED SCHOOL DISTRICT NO. 473  
Notes to the Financial Statements  
For the Year Ended June 30, 2014

NOTE 3 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for general obligation bonds to be paid with tax levies:

Year Ended June 30,	Principal	Interest	Total
2015	\$ 245,000	\$ 336,705	\$ 581,705
2016	270,000	327,914	597,914
2017	295,000	316,696	611,696
2018	320,000	303,921	623,921
2019	350,000	290,007	640,007
2020 - 2024	2,235,000	1,184,068	3,419,068
2025 - 2029	3,275,000	567,484	3,842,484
2030	<u>805,000</u>	<u>18,051</u>	<u>823,051</u>
Total	<u>\$ 7,795,000</u>	<u>\$ 3,344,845</u>	<u>\$ 11,139,845</u>

NOTE 4 - Interfund Transfers

Operating transfers were as follows:

From	To	Authority	Amount
General Fund	Parent Education Fund	K.S.A. 72-6428	\$ 17,550
General Fund	Special Education Fund	K.S.A. 72-6428	909,798
Contingency Reserve Fund	Food Service Fund	K.S.A. 72-6426	30,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	107,621
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	252,000
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	2,000
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6433	<u>376,000</u>
Total			<u>\$ 1,694,969</u>

NOTE 5 – Regulatory Violation

Actual exceeded budgeted expenditures in the Food Service Fund, which is a violation of K.S.A. 79-2935.

NOTE 6 - Defined Benefit Pension Plan

*Plan Description.* The District participates in the Kansas Public Employees Retirement System (KPERS). KPERS is a part of a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, etc. seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 473  
Notes to the Financial Statements  
For the Year Ended June 30, 2014

NOTE 6 - Defined Benefit Pension Plan (Continued)

*Funding Policy* - K.S.A. 74-419 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share.

NOTE 7 - Compensated Absences

Sick Leave

Certified Employees – Ten days of sick leave shall be granted to all full-time teachers after they have worked one day of their annual contract. Such sick leave entitlement shall cumulate up to a maximum of 70 days of unused sick leave. Teachers who are employed less than full-time shall be entitled to sick leave benefits based upon the following formula: The number of days or amount of time employed over a full employment year times the foregoing benefits received by full-time teachers. Termination of employment automatically cancels all sick leave benefits.

Teachers shall be compensated for their unused sick leave upon their retirement. Teacher disability or death while employed shall also be grounds for compensation. KPERS guidelines will be used to determine retirement and disability eligibility. Compensation will be determined as follows: a) 10 through 14 years of service with the District, \$5.00 per day, up to a maximum of 70 days, b) 15 years of service and over with the District, \$10.00 per day, up to a maximum of 70 days. Because so many events have to be met for unused sick leave to be paid, no accrual is made for unused sick leave.

Noncertified Employees – The Board shall allow one day of sick leave after three days service is performed and one additional day of sick leave for each full month of service completed, but accumulated unused sick leave shall not exceed seven times one year's maximum sick leave accumulation.

There shall be no payment for unused sick leave when an employee ceases employment with the District. Upon death or retirement only, employees shall be compensated for their unused sick leave whether upon KPERS or because of disability as follows: for 10-14 years of service with the District, the compensation shall be \$5.00 per day, up to the maximum allowable sick leave accumulation, except that those employees who work less than an eight hour day will be paid in proportion to the number of hours worked.

For 15 or more years of service with the District, the compensation shall be \$10.00 per day, up to the maximum allowable sick leave accumulation, except that those employees who work less than an eight hour day will be paid in proportion to the number of hours worked.

Vacation Leave

All full-time employees who are employed on a twelve-month basis may be granted a paid vacation each year. Vacation time for employees is two weeks per year for employees with 1-14 years of service. Employees with 15 years or more service receive 15 days (3 weeks) paid vacation. The Superintendent and the Administrative Assistant receive three weeks of vacation. If vacation leave is not taken by end of current year earned, it will be lost. No accrual for vacation leave value occurs.

UNIFIED SCHOOL DISTRICT NO. 473  
Notes to the Financial Statements  
For the Year Ended June 30, 2014

NOTE 7 - Compensated Absences (Continued)

Personal Leave

Each full time teacher shall be allowed two days of personal leave for any reason which the teacher believes to be more important than being in the classroom.

Personal leave shall be allowed in the same manner for teachers who are employed less than full time but in proportion to the time employed. Personal leave may accumulate for a limit of two years not to exceed four days in any contract year. No accrual for unused personal leave is made and would not be material to the financial statements.

NOTE 8 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 9 - Termination Benefits

The District provides an early retirement program for certain eligible employees. Those eligible under this program may receive benefits up to five years. Payments for retired employees under this plan were \$68,800 for the year ended June 30, 2014.

NOTE 10 - Commitments and Contingencies

The District, receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on these financial statements of the District.

The District's general obligation bond issues are subject to the arbitrage provisions of Section 148 of the Internal Revenue Code. These provisions include the potential for rebates to the Federal Government of the earnings on the bond proceeds in excess of the yield on the bonds. The amounts of any future rebates due on other bonds or temporary notes have not been determined.

NOTE 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

UNIFIED SCHOOL DISTRICT NO. 473  
 Summary of Expenditures - Actual and Budget  
 (Budgeted Funds Only)  
 Regulatory Basis  
 For the Year Ended June 30, 2014

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Over [Under]</u>
Governmental Fund Types:						
General Funds:						
General	\$ 7,299,876	\$ [37,229]	\$ 37,181	\$ 7,299,828	\$ 7,299,828	\$ -
Supplemental General	2,475,629	[4,776]	-	2,470,853	2,470,853	-
Special Purpose Funds:						
At Risk (K-12)	449,702	-	-	449,702	431,839	17,863
Bilingual Education	22,296	-	-	22,296	1,808	20,488
Capital Outlay	2,863,000	-	-	2,863,000	1,416,798	1,446,202
Driver Training	19,768	-	-	19,768	12,290	7,478
Food Service	603,350	-	-	603,350	665,874	[62,524]
Professional Development	19,172	-	-	19,172	17,389	1,783
Parent Education	43,500	-	-	43,500	43,307	193
Special Education	1,492,901	-	-	1,492,901	1,348,340	144,561
Vocational Education	400,473	-	-	400,473	397,771	2,702
KPERs Special Retirement Contribution	668,510	-	-	668,510	665,810	2,700
Gifts and Grants	14,000	-	-	14,000	8,058	5,942
Federal Funds	174,276	-	-	174,276	163,928	10,348
Debt Service Fund:						
Bond and Interest	568,755	-	-	568,755	568,755	-

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473  
General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,270,637	\$ 1,276,848	\$ 1,169,747	\$ 107,101
Delinquent taxes	11,270	18,635	22,024	[3,389]
State Aid:				
Equalization aid	5,585,319	4,942,375	5,007,767	[65,392]
Special education aid	1,023,001	955,417	1,100,338	[144,921]
Federal aid	111,367	69,372	-	69,372
Reimbursed expenses	64,334	37,181	-	37,181
Total Receipts	<u>8,065,928</u>	<u>7,299,828</u>	<u>\$ 7,299,876</u>	<u>\$ [48]</u>
Expenditures				
Instruction	3,661,781	3,835,441	\$ 3,622,556	\$ [212,885]
Student support services	203,978	209,977	209,641	[336]
Instructional support services	239,862	136,130	96,672	[39,458]
General administration	228,703	254,042	259,580	5,538
School administration	650,669	254,761	670,616	415,855
Operations and maintenance	761,901	397,757	383,966	[13,791]
Other support services	328,609	314,094	151,652	[162,442]
Transportation	776,723	834,717	787,155	[47,562]
Student activities	150,420	129,967	-	[129,967]
Capital outlay	900	5,594	-	[5,594]
Transfers out	1,062,382	927,348	1,118,038	190,690
Adjustments to comply with legal max	-	-	[37,229]	[37,229]
Adjustment for qualifying budget credit	-	-	37,181	37,181
Total Expenditures	<u>8,065,928</u>	<u>7,299,828</u>	<u>\$ 7,299,828</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.



UNIFIED SCHOOL DISTRICT NO. 473  
Supplemental General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual			[Under]
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,629,194	\$ 1,451,542	\$ 1,404,238	\$ 47,304
Delinquent taxes	16,668	25,970	28,422	[2,452]
Motor vehicle tax	169,492	190,108	176,764	13,344
Recreational vehicle tax	3,375	4,120	9,633	[5,513]
State aid	976,171	779,444	768,148	11,296
Total Receipts	<u>2,794,900</u>	<u>2,451,184</u>	<u>\$ 2,387,205</u>	<u>\$ 63,979</u>
Expenditures				
Instruction	250,550	89,384	\$ 512,000	\$ 422,616
Instructional support services	-	174,877	-	[174,877]
School administration	9,048	447,315	10,000	[437,315]
Operations and maintenance	1,119,945	1,019,906	933,629	[86,277]
Transportation	323,484	-	-	-
Other support services	3,132	-	5,000	5,000
Capital outlay	-	1,750	-	[1,750]
Transfers out	1,020,361	737,621	1,015,000	277,379
Adjustments to comply with legal max	-	-	[4,776]	[4,776]
Total Expenditures	<u>2,726,520</u>	<u>2,470,853</u>	<u>\$ 2,470,853</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	68,380	[19,669]		
Unencumbered Cash, Beginning	<u>159,049</u>	<u>227,429</u>		
Unencumbered Cash, Ending	<u>\$ 227,429</u>	<u>\$ 207,760</u>		

UNIFIED SCHOOL DISTRICT NO. 473  
At Risk (K-12) Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 311,561	\$ 376,000	\$ 300,000	\$ 76,000
Total Receipts	<u>311,561</u>	<u>376,000</u>	<u>\$ 300,000</u>	<u>\$ 76,000</u>
Expenditures				
Instruction	361,373	428,898	\$ 449,702	\$ 20,804
Instructional support services	-	2,941	-	[2,941]
Total Expenditures	<u>361,373</u>	<u>431,839</u>	<u>\$ 449,702</u>	<u>\$ 17,863</u>
Receipts Over [Under] Expenditures	[49,812]	[55,839]		
Unencumbered Cash, Beginning	<u>206,755</u>	<u>156,943</u>		
Unencumbered Cash, Ending	<u>\$ 156,943</u>	<u>\$ 101,104</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473  
Bilingual Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Transfers in	\$ 7,000	\$ -	\$ 15,000	\$ [15,000]
Total Receipts	<u>7,000</u>	<u>-</u>	<u>\$ 15,000</u>	<u>\$ [15,000]</u>
Expenditures				
Instruction	<u>6,762</u>	<u>1,808</u>	<u>\$ 22,296</u>	<u>\$ 20,488</u>
Total Expenditures	<u>6,762</u>	<u>1,808</u>	<u>\$ 22,296</u>	<u>\$ 20,488</u>
Receipts Over [Under] Expenditures	238	[1,808]		
Unencumbered Cash, Beginning	<u>29,548</u>	<u>29,786</u>		
Unencumbered Cash, Ending	<u>\$ 29,786</u>	<u>\$ 27,978</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473  
Capital Outlay Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 134,475	\$ 138,424	\$ 128,952	\$ 9,472
Delinquent taxes	2,334	2,950	2,422	528
Motor vehicle tax	29,342	15,429	9,803	5,626
Recreational vehicle tax	533	209	534	[325]
Investment income	14,684	12,092	10,000	2,092
Miscellaneous	38,128	61,090	25,000	36,090
Federal aid	2,142,449	76,942	45,000	31,942
State aid	224,549	-	-	-
Sale of property	89,576	85,942	-	85,942
Other local sources	-	-	500,000	[500,000]
Total Receipts	<u>2,676,070</u>	<u>393,078</u>	<u>\$ 721,711</u>	<u>\$ [328,633]</u>
Expenditures				
Property and equipment - instruction	503,537	335,077	\$ 1,500,000	\$ 1,164,923
Operations and maintenance	1,144	91,749	100,000	8,251
Property and equipment - transportation	-	303,915	-	[303,915]
General administration	-	-	42,000	42,000
Site improvement services	-	39,051	16,000	[23,051]
Architectural and engineering services	6,361	-	5,000	5,000
Building repair and remodeling	1,664,506	647,006	1,200,000	552,994
Total Expenditures	<u>2,175,548</u>	<u>1,416,798</u>	<u>\$ 2,863,000</u>	<u>\$ 1,446,202</u>
Receipts Over [Under] Expenditures	500,522	[1,023,720]		
Unencumbered Cash, Beginning	3,622,026	4,776,767		
Prior year cancelled encumbrances	<u>654,219</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 4,776,767</u>	<u>\$ 3,753,047</u>		

UNIFIED SCHOOL DISTRICT NO. 473  
Driver Training Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Miscellaneous	\$ 7,612	\$ 11,075	\$ -	\$ 11,075
State aid	4,743	3,485	5,750	[2,265]
Total Receipts	<u>12,355</u>	<u>14,560</u>	<u>\$ 5,750</u>	<u>\$ 8,810</u>
Expenditures				
Instruction	7,835	9,484	\$ 18,063	\$ 8,579
Instructional support services	189	245	250	5
Operations and maintenance	<u>852</u>	<u>2,561</u>	<u>1,455</u>	<u>[1,106]</u>
Total Expenditures	<u>8,876</u>	<u>12,290</u>	<u>\$ 19,768</u>	<u>\$ 7,478</u>
Receipts Over [Under] Expenditures	3,479	2,270		
Unencumbered Cash, Beginning	<u>54,230</u>	<u>57,709</u>		
Unencumbered Cash, Ending	<u>\$ 57,709</u>	<u>\$ 59,979</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473  
Food Service Fund  
Schedule Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal aid	\$ 269,791	\$ 323,094	\$ 286,957	\$ 36,137
State aid	5,423	6,114	5,154	960
Charges for services	175,435	210,384	183,970	26,414
Transfers in	110,000	30,000	-	30,000
Total Receipts	<u>560,649</u>	<u>569,592</u>	<u>\$ 476,081</u>	<u>\$ 93,511</u>
Expenditures				
Food service operation	564,834	652,771	\$ 603,350	\$ [49,421]
Operations and maintenance	13,870	13,103	-	[13,103]
Total Expenditures	<u>578,704</u>	<u>665,874</u>	<u>\$ 603,350</u>	<u>\$ [62,524]</u>
Receipts Over [Under] Expenditures	[18,055]	[96,282]		
Unencumbered Cash, Beginning	<u>145,324</u>	<u>127,269</u>		
Unencumbered Cash, Ending	<u>\$ 127,269</u>	<u>\$ 30,987</u>		

UNIFIED SCHOOL DISTRICT NO. 473  
Professional Development Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Transfers in	\$ 15,000	\$ 2,000	\$ 10,000	\$ [8,000]
Total Receipts	<u>15,000</u>	<u>2,000</u>	<u>10,000</u>	<u>[8,000]</u>
Expenditures				
Instructional support services	<u>14,785</u>	<u>17,389</u>	<u>\$ 19,172</u>	<u>\$ 1,783</u>
Total Expenditures	<u>14,785</u>	<u>17,389</u>	<u>\$ 19,172</u>	<u>\$ 1,783</u>
Receipts Over [Under] Expenditures	215	[15,389]		
Unencumbered Cash, Beginning	<u>18,957</u>	<u>19,172</u>		
Unencumbered Cash, Ending	<u>\$ 19,172</u>	<u>\$ 3,783</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473  
Parent Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 25,273	\$ 25,758	\$ 25,758	\$ -
Miscellaneous	75	-	-	-
Transfers in	<u>16,427</u>	<u>17,550</u>	<u>17,700</u>	<u>[150]</u>
Total Receipts	<u>41,775</u>	<u>43,308</u>	<u>\$ 43,458</u>	<u>\$ [150]</u>
Expenditures				
Student support services	<u>41,775</u>	<u>43,307</u>	<u>\$ 43,500</u>	<u>\$ 193</u>
Total Expenditures	<u>41,775</u>	<u>43,307</u>	<u>\$ 43,500</u>	<u>\$ 193</u>
Receipts Over [Under] Expenditures	-	1		
Unencumbered Cash, Beginning	<u>74</u>	<u>74</u>		
Unencumbered Cash, Ending	<u>\$ 74</u>	<u>\$ 75</u>		



UNIFIED SCHOOL DISTRICT NO. 473  
Special Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Miscellaneous	\$ 10,116	\$ 13,490	\$ -	\$ 13,490
Federal aid	15,687	17,249	-	17,249
Transfers in	<u>1,343,001</u>	<u>1,017,419</u>	<u>1,420,338</u>	<u>[402,919]</u>
Total Receipts	<u>1,368,804</u>	<u>1,048,158</u>	<u>\$ 1,420,338</u>	<u>\$ [372,180]</u>
Expenditures				
Instruction	1,304,042	1,296,826	\$ 1,397,419	\$ 100,593
Transportation	<u>64,392</u>	<u>51,514</u>	<u>95,482</u>	<u>43,968</u>
Total Expenditures	<u>1,368,434</u>	<u>1,348,340</u>	<u>\$ 1,492,901</u>	<u>\$ 144,561</u>
Cash Receipts Over [Under] Expenditures	370	[300,182]		
Unencumbered Cash, Beginning	<u>549,386</u>	<u>549,756</u>		
Unencumbered Cash, Ending	<u>\$ 549,756</u>	<u>\$ 249,574</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473  
Vocational Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Reimbursed expenses	\$ 11,189	\$ 3,961	\$ -	\$ 3,961
Federal aid	23,363	27,398	-	27,398
State aid	-	-	72	[72]
Miscellaneous	-	930	34,000	[33,070]
Transfers in	<u>256,800</u>	<u>252,000</u>	<u>370,000</u>	<u>[118,000]</u>
Total Receipts	<u>291,352</u>	<u>284,289</u>	<u>\$ 404,072</u>	<u>\$ [119,783]</u>
Expenditures				
Instruction	367,839	391,866	\$ 382,173	\$ [9,693]
Instructional support services	5,387	5,905	6,800	895
Operations and maintenance	<u>11,038</u>	<u>-</u>	<u>11,500</u>	<u>11,500</u>
Total Expenditures	<u>384,264</u>	<u>397,771</u>	<u>\$ 400,473</u>	<u>\$ 2,702</u>
Receipts Over [Under] Expenditures	[92,912]	[113,482]		
Unencumbered Cash, Beginning	<u>307,988</u>	<u>215,076</u>		
Unencumbered Cash, Ending	<u>\$ 215,076</u>	<u>\$ 101,594</u>		

UNIFIED SCHOOL DISTRICT NO. 473  
KPERs Special Retirement Contribution Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
State aid	\$ 571,376	\$ 665,810	\$ 668,510	\$ [2,700]
Total Receipts	<u>571,376</u>	<u>665,810</u>	<u>\$ 668,510</u>	<u>\$ [2,700]</u>
Expenditures				
Instruction	366,415	408,980	\$ 418,487	\$ 9,507
Student support services	14,110	22,711	22,061	[650]
Instructional support services	18,822	25,568	26,072	504
General administration	13,543	15,706	21,392	5,686
School administration	53,361	64,172	60,835	[3,337]
Other supplemental services	8,267	13,878	8,022	[5,856]
Operations and maintenance	33,727	41,749	34,763	[6,986]
Student transportation services	41,133	46,232	54,149	7,917
Food service	21,998	26,814	22,729	[4,085]
Total Expenditures	<u>571,376</u>	<u>665,810</u>	<u>\$ 668,510</u>	<u>\$ 2,700</u>
Receipts Over [Under] Expenditures	-	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473  
Gifts and Grants Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Contributions and donations	\$ 9,860	\$ 8,523	\$ 15,000	\$ [6,477]
Total Receipts	<u>9,860</u>	<u>8,523</u>	<u>\$ 15,000</u>	<u>\$ [6,477]</u>
Expenditures				
Instruction	6,762	-	\$ 6,000	\$ 6,000
Instructional support services	171	-	900	900
Student support services	826	1,276	200	[1,076]
General administration	-	-	1,000	1,000
Operations and maintenance	<u>3,000</u>	<u>6,782</u>	<u>5,900</u>	<u>[882]</u>
Total Expenditures	<u>10,759</u>	<u>8,058</u>	<u>\$ 14,000</u>	<u>\$ 5,942</u>
Receipts Over [Under] Expenditures	[899]	465		
Unencumbered Cash, Beginning	<u>4,225</u>	<u>3,326</u>		
Unencumbered Cash, Ending	<u>\$ 3,326</u>	<u>\$ 3,791</u>		

UNIFIED SCHOOL DISTRICT NO. 473  
Federal Funds  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	Title I	Title II A	Title I Carryover	Actual	Budget	Variance Over [Under]
Receipts						
Federal aid	\$ 110,751	\$ 39,877	\$ 13,300	\$ 163,928	\$ 174,276	\$ [10,348]
Total Receipts	<u>110,751</u>	<u>39,877</u>	<u>13,300</u>	<u>163,928</u>	<u>\$ 174,276</u>	<u>\$ [10,348]</u>
Expenditures						
Instruction	110,156	39,752	13,300	163,208	\$ 174,276	\$ 11,068
Student support services	464	-	-	464	-	[464]
Instructional support services	-	125	-	125	-	[125]
General administration	<u>131</u>	<u>-</u>	<u>-</u>	<u>131</u>	<u>-</u>	<u>[131]</u>
Total Expenditures	<u>110,751</u>	<u>39,877</u>	<u>13,300</u>	<u>163,928</u>	<u>\$ 174,276</u>	<u>\$ 10,348</u>
Receipts Over [Under] Expenditures	-	-	-	-		
Unencumbered Cash, Beginning	-	-	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

UNIFIED SCHOOL DISTRICT NO. 473  
Student Materials Revolving Fund \*  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended June 30, 2014 and 2013

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Charges for services	\$ 111,700	\$ 106,413
Total Receipts	<u>111,700</u>	<u>106,413</u>
Expenditures		
Instruction	<u>90,877</u>	<u>65,552</u>
Total Expenditures	<u>90,877</u>	<u>65,552</u>
Receipts Over [Under] Expenditures	20,823	40,861
Unencumbered Cash, Beginning	<u>18,848</u>	<u>39,671</u>
Unencumbered Cash, Ending	<u>\$ 39,671</u>	<u>\$ 80,532</u>

\* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 473  
Contingency Reserve Fund \*  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended June 30, 2014 and 2013

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfers in	\$ 22,954	\$ -
Total Receipts	<u>22,954</u>	<u>-</u>
Expenditures		
Transfers out	-	30,000
Total Expenditures	<u>-</u>	<u>30,000</u>
Receipts Over [Under] Expenditures	22,954	[30,000]
Unencumbered Cash, Beginning	<u>777,205</u>	<u>800,159</u>
Unencumbered Cash, Ending	<u>\$ 800,159</u>	<u>\$ 770,159</u>

\* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 473  
Bond and Interest Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014  
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 421,059	\$ 453,429	\$ 420,891	\$ 32,538
Delinquent taxes	4,521	6,952	7,294	[342]
Motor vehicle tax	58,731	56,307	51,428	4,879
Recreational vehicle tax	1,183	1,220	2,803	[1,583]
State aid	<u>137,756</u>	<u>136,501</u>	<u>136,501</u>	-
Total Receipts	<u>623,250</u>	<u>654,409</u>	<u>\$ 618,917</u>	<u>\$ 35,492</u>
Expenditures				
Principle	180,000	225,000	\$ 225,000	\$ -
Interest	<u>349,832</u>	<u>343,755</u>	<u>343,755</u>	-
Total Expenditures	<u>529,832</u>	<u>568,755</u>	<u>\$ 568,755</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	93,418	85,654		
Unencumbered Cash, Beginning	<u>720,781</u>	<u>814,199</u>		
Unencumbered Cash, Ending	<u>\$ 814,199</u>	<u>\$ 899,853</u>		



UNIFIED SCHOOL DISTRICT NO. 473  
Capital Improvement Fund \*  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended June 30, 2014 and 2013

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Investment income	\$ 87	\$ -
Total Receipts	<u>87</u>	<u>-</u>
Expenditures		
Capital outlay	<u>78,757</u>	<u>-</u>
Total Expenditures	<u>78,757</u>	<u>-</u>
Receipts Over [Under] Expenditures	[78,670]	-
Unencumbered Cash, Beginning	<u>78,670</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

\* This fund is not required to be budgeted.

## SCHEDULE 3

UNIFIED SCHOOL DISTRICT NO. 473  
 Student Organization Funds  
 Summary of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended June 30, 2014

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Blue Ridge Elementary				
Student activity	\$ 988	\$ 570	\$ 441	\$ 1,117
Total Blue Ridge Elementary Activity Funds	<u>988</u>	<u>570</u>	<u>441.00</u>	<u>1,117</u>
Enterprise Elementary				
Student activity	1,732	2,047	1,585	2,194
Total Enterprise Elementary Activity Funds	<u>1,732</u>	<u>2,047</u>	<u>1,585</u>	<u>2,194</u>
Rural Center Elementary				
Student activity	837	1,742	1,074	1,505
Total Rural Center Elementary Activity Funds	<u>837</u>	<u>1,742</u>	<u>1,074</u>	<u>1,505</u>
Chapman Middle School				
Student activity	[153]	6,962	5,560	1,249
GBB scholarship	3,744	-	150	3,594
Student council	1,986	33,748	32,839	2,895
Total Chapman Middle Activity Funds	<u>5,577</u>	<u>40,710</u>	<u>38,549</u>	<u>7,738</u>
High School Funds				
AFG	2,034	1,141	1,388	1,787
AFS	286	260	381	165
ASP	2,180	10,369	5,732	6,817
Lifeskills	445	410	279	576
Construction club	-	150	-	150
FCA	25	-	-	25
Drama	605	3,095	3,202	498
FFA	6,517	80,653	84,135	3,035
FCCLA	1,025	6,310	7,134	201
Hi-Y	628	760	1,057	331
National Honor Society	959	2,857	2,567	1,249
Students Against Drunk Driving	4,957	9,825	9,638	5,144
Cheerleaders	1,087	8,760	8,957	890
Student Council	6,873	3,752	5,759	4,866
Scholars Bowl	567	1,425	1,257	735
Dance	323	12,819	13,120	22
Tri-M	4,399	6,822	8,814	2,407
FBLA	5,582	6,393	5,762	6,213
FIRE	2,847	271	2,620	498
Band	26,357	43,502	59,864	9,995
Letterman's Club	8,587	-	176	8,411
Kid's Rec	1,961	2,560	4,521	-
Art Club	1,733	812	2,545	-
Photo Club	800	-	800	-
Total High School Activity Funds	<u>80,777</u>	<u>202,946</u>	<u>229,708</u>	<u>54,015</u>
Payroll Clearing	<u>19,046</u>	<u>-</u>	<u>9,143</u>	<u>9,903</u>
TOTAL STUDENT ORGANIZATION FUNDS	<u>\$ 108,957</u>	<u>\$ 248,015</u>	<u>\$ 280,500</u>	<u>\$ 76,472</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473  
District Activity Funds  
Schedule of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2014

<u>FUND</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
<u>Gate Receipts:</u>							
High School	\$ -	\$ -	\$ 36,888	\$ 36,888	\$ -	\$ -	\$ -
Total Gate Receipts	-	-	36,888	36,888	-	-	-
<u>School Projects:</u>							
Blue Ridge Elementary							
Petty Cash	50	-	-	-	50	-	50
Total Blue Ridge Elementary	50	-	-	-	50	-	50
Enterprise Elementary							
Petty Cash	50	-	-	-	50	-	50
Total Enterprise Elementary	50	-	-	-	50	-	50
Chapman Elementary							
Vending Machines	157	-	112	233	36	-	36
Activity	3,545	-	7,131	6,866	3,810	-	3,810
Petty Cash	100	-	466	466	100	-	100
Total Chapman Elementary	3,802	-	7,709	7,565	3,946	-	3,946
Chapman Middle School							
Vending Machines	804	-	1,784	2,001	587	-	587
Petty Cash	150	-	295	344	101	-	101
Total Chapman Middle School	954	-	2,079	2,345	688	-	688
Chapman High School							
Petty Cash	100	-	354	354	100	-	100
Locks	396	-	-	270	126	-	126
Sales Tax	55	-	6,448	6,338	165	-	165
Total Chapman High School	551	-	6,802	6,962	391	-	391
Total School Projects	5,407	-	16,590	16,872	5,125	-	5,125
Total District Activity Funds	\$ 5,407	\$ -	\$ 53,478	\$ 53,760	\$ 5,125	\$ -	\$ 5,125

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Restated Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
U.S. Department of Education					
Impact Aid	84.041	\$ -	\$ 116,256	\$ 116,256	\$ -
Passed through Kansas					
Department of Education (KSDE):					
Title I	84.010	-	124,051	124,051	-
Title II-A Teacher Quality	84.367	-	39,877	39,877	-
Total Passed Through KSDE		-	163,928	163,928	-
Total U.S. Department of Education		-	280,184	280,184	-
U.S. Department of Homeland Security					
Passed through Kansas State					
Adjutant General's Department:					
Hazard Mitigation Grant	97.039	[14,231]	47,208	47,208	[14,231]
Total U.S. Department of Homeland Security		[14,231]	47,208	47,208	[14,231]
U.S. Department of Health and Human Services					
Passed through Kansas					
Department of Health and Human Services (KSDE):					
Youth Risk Behavior Survey	93.938	-	100	100	-
Total U.S. Department of Health and Human Services		-	100	100	-
U.S. Department of Defense					
Impact Aid	12.558	-	27,398	27,398	-
Total U.S. Department of Defense		-	27,398	27,398	-
U.S. Department of Agriculture					
Passed through Kansas					
Department of Education (KSDE):					
School Breakfast	10.553	-	73,929	73,929	-
National School Lunch Program	10.555	-	249,164	249,164	-
Total U.S. Department of Agriculture		-	323,093	323,093	-
Passed Through KSDE					
Total		\$ [14,231]	\$ 677,983	\$ 677,983	\$ [14,231]

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 473  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of Unified School District No. 473. All expenditures of federal financial assistance received directly from federal agencies, if any as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances.

UNIFIED SCHOOL DISTRICT NO. 473  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Adverse - GAAP  
Unmodified - Regulatory Basis

Type of auditor's report issued:

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency (ies) identified that are not  
considered to be material weaknesses?

\_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency (ies) identified that are not  
considered to be material weaknesses?

\_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with section 510(a)  
of Circular A-133?

\_\_\_\_\_ Yes      X   No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553, 10.555

Child Nutrition Cluster

Dollar threshold used to distinguish between  
type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

UNIFIED SCHOOL DISTRICT NO. 473  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2014

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted

Prior Year Findings

None Noted



MIZE & HOUSER  
COMPANY P.A.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

Board of Education  
Unified School District No. 473  
Chapman, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting, the financial statements of the Unified School District No. 473, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated September 17, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



However, we noted certain other matters that we reported to management of the District in a separate letter dated September 17, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mike Houser : Company PA*

Certified Public Accountants

Lawrence, KS  
September 17, 2014



MIZE & HOUSER  
COMPANY P.A.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education  
Unified School District No. 473  
Chapman, Kansas

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the Unified School District No. 473, (the District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Kansas Municipal Audit and Accounting Guide. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mize Houser & Company PA*

Certified Public Accountants

Lawrence, KS  
September 17, 2014

